

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER OF NorthWestern	)	REGULATORY DIVISION
Energy's 2013 Electricity Supply	)	
Resource Procurement Plan	)	DOCKET NO. N2013.12.84

COMMENTS OF THE MONTANA RENEWABLE ENERGY ASSOCIATION

The Montana Renewable Energy Association appreciates the opportunity to comment on NorthWestern Energy's 2013 Electricity Supply Resource Procurement Plan.

Our primary concern with the Plan is the lack of analysis of distributed energy resources given the growing role that they are likely to play in Montana over the next 20 years, from a standpoint of both onsite energy generation and utility load reduction. On page 4-2, in its discussion of the 20-year load forecast, NorthWestern Energy states that "Other variables that may impact customer loads, including economic conditions, DSM activity, and distributed generation, are not included in the forecast." NorthWestern Energy goes on to explain its reasons for excluding economic conditions and demand side management (DSM) from the load forecast; but no explanation is provided in the case of distributed generation. Other than a discussion of the USB-funded pilot battery storage project (p. 2-37), distributed generation is disregarded in the Plan.

We recognize that there is relatively little onsite energy generation in Montana today. As of December 2012, the total capacity of net metered renewable energy systems (most of which are solar) in NorthWestern Energy's service territory was 4.1 megawatts, and the estimated electricity generated by these systems was equivalent to 0.07 percent of NorthWestern Energy's retail electricity sales in Montana. However, the cost of solar panels is falling rapidly, and onsite solar is in a period of growth across the nation. NorthWestern Energy points out in its discussion of "Industry Developments" on page 5-11 of the Plan that "Distributed generation technologies (especially roof top solar) and aggressive demand side management have begun to disrupt sales volumes for higher cost utilities in California and the Desert Southwest." As the number of onsite solar installations in NorthWestern Energy's service territory increases, it is crucial that their value be well understood. The benefits of these onsite generating assets interconnected with NorthWestern Energy have not yet been quantified;

however, distributed solar generation is generally an advantageous resource for both utilities and their customers. In addition to reducing customers' electric bills, it can allow utilities to avoid energy and capacity purchases during high-load, daytime hours; reduce utilities' transmission and distribution costs; and reduce line losses. Studies conducted in Vermont, California, and Texas have analyzed the costs and benefits of distributed net-metered systems, and they have found that on balance, net metered solar energy systems provide a net benefit to non-participating utility customers.<sup>1</sup>

The characteristics of onsite solar generation also make it a good complement for NorthWestern Energy's proposed hydro acquisition. NorthWestern Energy has stated that with the proposed acquisition, it will be able to provide nearly all of Montana's required power supply during light load hours, and will use market purchases or other resources to meet demand during heavier load periods. Solar installations generate during high-load, daytime hours, and thus have the potential to reduce the market purchases required to meet demand during those periods.

Given the rapidly dropping price of solar and accelerating consumer adoption of this technology, it would be prudent for NorthWestern Energy to plan for its role in meeting Montana's energy needs over the 20-year time horizon of the Plan.

Respectfully submitted this 7th day of March, 2014.



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<sup>1</sup> The Vermont study was conducted by the Vermont Public Service Commission in 2013 and is available at [http://publicservice.vermont.gov/sites/psd/files/Topics/Renewable\\_Energy/Net\\_Metering/Act%20125%20Study%2020130115%20Final.pdf](http://publicservice.vermont.gov/sites/psd/files/Topics/Renewable_Energy/Net_Metering/Act%20125%20Study%2020130115%20Final.pdf). The California study was conducted by Crossborder Energy in 2013 and is available at <http://votesolar.org/wp-content/uploads/2013/07/Crossborder-Energy-CA-Net-Metering-Cost-Benefit-Jan-2013-final.pdf>. The Texas study was completed by the Brattle Group in 2012.